

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: December 30, 2014

ANALYST: Jill Sugarman

- I. COMMITTEE: Joni for Iowa
C00546788
Bradley Crate, Treasurer
P.O. Box 93441
Des Moines, IA 50393
- II. RELEVANT STATUTES: 52 U.S.C. § 30104(b)(8)
(formerly 2 U.S.C. § 434(b)(8))
11 CFR § 104.3(d)

III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

Joni for Iowa¹ ("the Committee") amended its 2014 July Quarterly Report to disclose an increase in debts totaling \$571,042.05 (Attachments 2 and 3).

On July 15, 2014, the Committee filed the original 2014 July Quarterly Report covering the period from May 15, 2014 through June 30, 2014. The report disclosed no debts on Line 10 (Debts and Obligations Owed by the Committee) of the Summary Page (Image 14020463981; Attachment 2).

On August 14, 2014, a Request for Additional Information (RFAI) was sent to the Committee, referencing the 2014 July Quarterly Report. Among other items, the RFAI requested clarification regarding the Committee's receipt of contributions designated for the 2014 Primary Election after the date of the Primary Election because the Committee did not appear have net debts outstanding for that election (Image 14330059434).

¹ On November 5, 2014, the Committee filed an Amended Statement of Organization to change its name from Joni Ernst for U.S. Senate Inc. to Joni for Iowa (Image 14021221473).

On September 8, 2014, a Reports Analysis Division (RAD) Manager returned a call from Ron Jacobs, an attorney for the Committee. Among other items, they discussed the proper reporting of debts, including estimated debts. The RAD Manager noted that a problem could arise if the Committee does not disclose estimated debts, as it could appear that they are not eligible to receive debt retirement contributions (Attachment 4).

On September 18, 2014, the Committee filed an Amended 2014 July Quarterly Report. The report disclosed increased debts totaling \$665,462.49 on Line 10 of the Summary Page that were labeled "PRIMARY ESTIMATED" (Image 14020700004). A cover letter included with the report stated, in part:

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"[T]he Commission requested clarification regarding contributions designated for Primary Debt Retirement that occurred after the Primary election. As the memo text notes on our Committee's report, these contributions are for Primary Debt Retirement. On the date that each of these contributions was received, the Committee had determined that it had net-debts outstanding based on the invoices received for primary expenses that had not been received in time to be included on the July quarterly report. At the time the report was prepared, it was impossible to provide an accurate estimate of these debts, given the short amount of time between the primary and the close-of-books for the report. The amended report includes a Schedule D showing estimated debts to vendors, and all actual expenses will be properly disclosed on the next regular report" (Image 14020700001).

On October 1, 2014, an RFAI was sent to the Committee referencing the 2014 July Quarterly Report.² The RFAI requested clarification regarding the substantial increase in debts that were disclosed in the amended report (Image 14330061798).

On October 2, 2014, Bradley Crate, the Committee's Treasurer, called a RAD Analyst regarding the RFAI that cited the increased debts. The Analyst noted the explanation included on the cover page to the Amended 2014 July Quarterly Report. The Analyst then advised Mr. Crate to submit another response if the Committee wanted to further clarify this issue. Mr. Crate said that a representative of the Committee was told by Commission staff to report estimated debts. The Analyst explained that this issue could be referred for further Commission action (Attachment 4).

On October 3, 2014, the RAD Analyst returned a voice mail from Mr. Crate. Mr. Crate referenced the September 8, 2014 phone conversation between Mr. Jacobs and RAD Management. Mr. Crate stated that Mr. Jacobs received guidance from RAD Management that the Committee should amend the 2014 July Quarterly Report to

² The reference line of the RFAI incorrectly cited the original 2014 July Quarterly Report; however, the text of the RFAI cited the increase in debts disclosed on the Amended 2014 July Quarterly Report, received September 18, 2014.

disclose estimated debts to justify the receipt of Primary debt retirement contributions. Based on this advice, the Committee amended their report to include the debts that were omitted from the original filing. When asked the reason for the omission of the estimated debts on the original report, Mr. Crate responded that it was a timing issue. The Analyst advised Mr. Crate to answer that question more fully by filing an additional response on a Miscellaneous Paper Document ("Form 99") (Attachment 4).

On the same day, the Committee filed a Form 99 in response to the RFAI. The Form 99 stated, in part:

17-0744407
"Based on discussions with a RAD supervisor, the Committee amended its July Quarterly to show estimated debts outstanding. At the time the original report was prepared, it was impossible to provide an accurate estimate of these debts, given the short amount of time between the primary and the close-of-books for the report. When an amended report was necessary to address some other minor reporting issues, and to be abundantly transparent, the Committee included a Schedule D showing estimated debts to vendors on its amended report, once it was in a position to estimate such debts based on the receipt of invoices. All actual expenses will be properly disclosed on the upcoming October Quarterly report. Again, the amended report was done at the suggestion of the FEC" (Image 14020735041).

On October 15, 2014, the Committee filed an Amended 2014 July Quarterly Report. The report disclosed \$571,042.05 in debts on Line 10 of the Summary Page (Image 14020840498; Attachments 2 and 3). Additionally, the report contained a cover letter, which stated, in part:

"The Committee is filing an amendment to its Amended July Quarterly Report (05/15/2014–06/30/2014) because the Amended July Quarterly inadvertently included some estimated debt that had already been paid during the July Quarterly reporting period. All of those payments were accurately reported in Schedule B (so the debts listed included approximately \$94,000 in debt that had actually already been paid). The Amendment reflects the Committee's estimated net debts outstanding as of the close of that reporting period. All of the debts listed on Schedule D of the Amended July Quarterly have since been paid and will be reflected on the Committee's October Quarterly Report (07/01/2014–9/30/2014)" (Image 14020840496).

On November 12, 2014, the RAD Analyst called Mr. Crate to inform him that the matter concerning the increased debts will be forwarded for further Commission action. The Analyst told him that the explanations already provided by the Committee will be included in the referral. The Analyst informed Mr. Crate that the Committee still had the

opportunity to submit additional information regarding this matter for the public record (Attachment 4).

To date, no further communications have been received from the Committee regarding this matter.

27-64440-1

O-Index (2013-2014)

Cmte. ID: C00546788 Cmte. Name: JONI FOR IOWA

Treasurer Name: BRADLEY CRATE Address: PO BOX 93441, DES MOINES, IA 50393

Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE) Filing Frequency: QUARTERLY FILER

Form Tl	Rpt Tp	AI	Recpt Dt	Pgs	Begin Img#	Beg Cvg Dt	End Cvg Dt	Ltr Mail Dt	Begin Cash	Recpts	Disb	End Cash	Debits	Loans	Debits & Loans
MS-T	Q3	A	10/3/2014	3	14020735041	5/15/2014	6/30/2014		\$0	\$252,397	\$28,112	\$224,285			\$0
RQ2	Q3	A	2/4/2014	3	14330042828	7/1/2013	9/30/2013	2/4/2014	\$0	\$252,397	\$28,112	\$224,285			\$0
RQ2	O1	N	5/23/2014	5	14330052891	1/1/2014	3/31/2014	5/23/2014	\$0	\$252,397	\$28,112	\$224,285			\$0
RQ2	12P	N	6/11/2014	3	14330053899	4/1/2014	5/14/2014	6/11/2014	\$224,285	\$202,774	\$137,544	\$289,514			\$0
RQ2	Q2	N	8/14/2014	9	14330059434	5/15/2014	6/30/2014	8/14/2014	\$289,514	\$285,664	\$147,978	\$427,201			\$0
RQ2	Q2	N	10/1/2014	2	14330061798	5/15/2014	6/30/2014	10/1/2014	\$427,201	\$413,017	\$147,978	\$427,201			\$0
RQ2	Q3	N	12/1/2014	16	14330087217	7/1/2014	9/30/2014	12/1/2014	\$427,201	\$413,017	\$488,369	\$351,849			\$0
RQ2	12G	N	12/1/2014	10	14330067245	10/1/2014	10/15/2014	12/1/2014	\$351,849	\$1,377,512	\$620,317	\$1,109,044			\$0
F3	Q3	A	10/14/2013	91	13020511473	7/1/2013	9/30/2013		\$0	\$252,397	\$28,112	\$224,285			\$0
F3	Q3	A	11/1/2013	94	13020530632	7/1/2013	9/30/2013		\$0	\$252,397	\$28,112	\$224,285			\$0
F3	Q3	A	3/7/2014	96	14020164592	7/1/2013	9/30/2013		\$0	\$252,397	\$28,112	\$224,285			\$0
F3	YE	N	1/31/2014	126	14020123742	10/1/2013	12/31/2013		\$224,285	\$202,774	\$137,544	\$289,514			\$0
F3	Q1	N	4/15/2014	189	14020274677	1/1/2014	3/31/2014		\$289,514	\$285,664	\$147,978	\$427,201			\$0
F3	Q1	A	6/23/2014	171	14020434054	1/1/2014	3/31/2014		\$289,514	\$285,664	\$147,978	\$427,201			\$0
F3	12P	N	5/22/2014	189	14020400140	4/1/2014	5/14/2014		\$427,201	\$413,017	\$488,369	\$351,849			\$0
F3	12P	A	7/15/2014	195	14020463785	4/1/2014	5/14/2014		\$427,201	\$413,017	\$488,369	\$351,849			\$0
F3	Q2	N	7/15/2014	420	14020463980	5/15/2014	6/30/2014		\$351,849	\$1,377,512	\$620,317	\$1,109,044			\$0
F3	Q2	A	9/18/2014	434	14020700001	5/15/2014	6/30/2014		\$351,849	\$1,377,512	\$620,317	\$1,109,044			\$0
F3	Q2	A	10/15/2014	431	14020840496	5/15/2014	6/30/2014		\$351,849	\$1,377,512	\$620,317	\$1,109,044			\$0
F3	Q3	N	10/15/2014	3125	14020862161	7/1/2014	9/30/2014		\$1,109,044	\$6,022,042	\$3,492,115	\$3,638,970			\$0
F3	12G	N	10/23/2014	825	14021144043	10/1/2014	10/15/2014		\$3,638,970	\$1,386,308	\$2,790,912	\$2,244,366			\$0
F3	30G	N	10/24/2014	110	14021360037	10/16/2014	11/24/2014		\$2,244,366	\$1,898,913	\$3,859,199	\$274,080			\$290,000
F6		N	5/19/2014	6	14020360611										
F6		N	5/19/2014	3	14020360608										
F6		N	5/21/2014	7	14020381304										
F6		N	5/21/2014	5	14020400784										
F6		N	5/27/2014	5	14020400818										
F6		N	5/28/2014	4	14020401096										
F6		N	5/20/2014	7	14020364515										
F6		N	5/22/2014	5	14020394935										
F6		N	5/22/2014	5	14020381755										
F6		N	5/23/2014	5	14020400706										
F1		N	7/10/2013	6	13020272722										
F2		N	7/10/2013	3	13020272719										
F6		N	10/20/2014	12	14021041470										
F6		N	10/20/2014	11	14021041331										
F6		N	10/21/2014	10	14021112434										
F6		N	10/21/2014	6	14021064649										
F2		A	10/16/2014	6	14021092679										
F1		A	10/16/2014	13	14021092685										
F1		A	10/14/2013	7	13020511466										
F6		N	11/3/2014	14	14021213321										
F6		N	11/3/2014	17	14021213931										
F6		N	11/3/2014	18	14021213958										

Joni for Iowa (C00546788)

2014 July Quarterly Report/Amended 2014 July Quarterly Report

Overview of Additional Debt

Report Line	original 2014 July Quarterly Report, received 7/15/14 (Image 14020463981)	Amended 2014 July Quarterly Report, received 10/15/14 (Images 14020735041 and 14020840918-24)	Debt Variance Amount	Actual Increase in New Debts Incurred
Amount Incurred This Period (Schedule D)	\$0.00	\$571,042.05	\$571,042.05	\$571,042.05
Outstanding Balance Beginning This Period (Schedule D)	\$0.00	\$0.00	\$0.00	
Payments This Period (Schedule D)	\$0.00	\$0.00	\$0.00	
Outstanding Balance at Close of This Period (Schedule D)	\$0.00	\$571,042.05	\$571,042.05	
Line 10: Debts and Obligations Owed by the Committee	\$0.00	\$571,042.05	\$571,042.05	

14020463981

Joni for Iowa (C00546788)

Amended 2014 July Quarterly Report, received 10/15/14 (Images 14020840918-24)

Additional Debts by Vendor

Vendor	Debt Amount Incurred³
Cardinal Insights	\$15,000.00
Competitive Edge Advertising	\$201.40
Deep Red Strategies, LLC	\$15,000.00
Des Moines Social Club	\$875.00
Joni Ernst	\$3,206.56
FLS Connect, LLC	\$14,636.70
Holloway Consulting Inc	\$184,457.90
I360 LLC	\$350.00
Iowa Department of Revenue	\$188.83
Midland Strategies	\$34,156.40
New Strategies Group Consulting	\$86,322.00
Bruce Nilson	\$1,234.24
David Onman	\$10,000.00
Red Curve Solutions	\$40,658.35
Redwave Communications LLC	\$964.60
Redwave Digital	\$5,000.00
SCM Associates, Inc.	\$49,281.85
Something Else Strategies, LLC	\$67,000.00
Targeted Victory	\$32,025.54
Venable LLP	\$6,982.68
Victory Phones Live	\$3,500.00
Total	\$571,042.05

³ All debts disclosed as "PRIMARY ESTIMATED."

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